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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 11, 2004

Marcus Vaden, Treasurer  
Democratic Party of Arkansas  
1300 West Capitol Avenue  
Little Rock, AR 72201

Response Due Date:  
March 12, 2004

Identification Number: C00024372

Reference: Year End Report (7/1/03 - 12/31/03)

Dear Mr. Vaden:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A of your report discloses receipts totaling \$21,000 from the "Dollars for Democrats," which is a joint fundraising committee affiliated with your committee. The sum of the entries itemized on the memo Schedule A, however, total only \$0.00.

Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser. The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. 11 CFR §102.17(c)(8)(i)(B) Please clarify this discrepancy.

-Your report discloses memo Schedule A's totaling \$48,988.58 from an apparent joint fundraising committee. However, there are no corresponding transfers-in disclosed on Schedule A for supporting Line 12 of the Detailed Summary Page. Please clarify this apparent discrepancy.

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity,

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services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "dental insurance," "group health insurance," and "insurance." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Schedule H4 discloses a disbursement(s) for "Golf expenses," "Golf tournament signs," and "Golf tourn. food, cart fees & event," which is categorized as fundraising; however, Schedule H2 does not include an allocation ratio for this activity. Please amend Schedule H2 to disclose the omitted ratio.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) H4 of your report to clarify the following description(s): "maintenance," "supplies," and "office expense." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Please amend your report by providing the address for each disbursement itemized on Schedule(s) H4 supporting Line(s) 21(a)(i) and 21(a)(ii).

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-Schedule H4 of your report discloses activity which is 100% federal. For future reporting, please be advised that any activity which is financed entirely by the federal account (including administrative expenses), should be reported on Schedule B supporting Line 21(b). 11 CFR §§106.6 and 106.7

-It appears that the figures you have disclosed on Lines 21(a)(i) of the Detailed Summary Page have been inadvertently recorded on the incorrect lines. Transfers to affiliated party committees and to a committee's non-federal account should be disclosed on Schedule B supporting Line 22 of the Detailed Summary Page. Please amend your report to disclose your figures on the correct lines of the Detailed Summary Page.

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1157.

Sincerely,



Brandy Phillips

Campaign Finance Analyst  
Reports Analysis Division

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